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SECRETARY HILLARY RODHAM CLINTON  
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MR. BLANKFEIN: That's the first of a ten-minute spiel, but let me introduce somebody who needs no introduction. Secretary Hillary Clinton.

(Applause.)

MR. BLANKFEIN: Now, when I say I want no introduction, I'm really only kidding because I want a real introduction and long.

SECRETARY CLINTON: I was waiting for it.

MR. BLANKFEIN: Well, I'll tell you, I'm more interested in the future. So, anyway, why don't we just start.

If you don't mind, can we start with a little bit of a tour of the world and say, you know, if you were -- if you were -- let's take a hypothetical. Let's say you were Secretary of State.

(Laughter.)

MR. BLANKFEIN: What would you be focused on? What would you be focused on today? And tell a little bit about how your priorities would be and how you would deal with some of it now.

SECRETARY CLINTON: Well, gee, I'll just have to cast my mind back.

(Laughter.)

SECRETARY CLINTON: Well, first, thanks for having me here and giving me a chance to know a little bit more about the builders and the innovators who you've gathered. Some of you might have been here last year, and my husband was, I guess, in this very same position. And he came back and was just thrilled by --

MR. BLANKFEIN: He increased our budget.

SECRETARY CLINTON: Did he?

MR. BLANKFEIN: Yes. That's why we --

SECRETARY CLINTON: Good. I think he -- I think he encouraged you to grow it a little, too. But it really was a tremendous experience for him, so

I've been looking forward to it and hope we have a chance to talk about a lot of things.

But clearly, what's going on in this complicated world of ours is on the top of a lot of people's minds. And, you know, let me just briefly say that one of the ways I look at domestic as well as international issues is by trying to focus not just on the headlines, although those are insistent and demand your attention, but to keep an eye on the trend lines. And many of you in this room are masters of the trend lines. You see over the horizon, you think about products that nobody has invented, and you go about the business of trying to do that.

Well, in diplomacy or politics and national security, foreign policy, it's somewhat similar. You have to keep your eye on the trend lines even while you're dealing with all of the crises because the trend lines will eventually materialize and could be the crisis of next year or in five years. And if you're taken totally by surprise, it could be a crisis of long-lasting and severe impacts.

So on the headlines, if you look around right now, obviously people are focused on the Middle East, which is a perennial crisis. In Syria, what's happening with the charm offensive by Iran and the negotiations that are taking place on the nuclear program. The somewhat slow but I think glib signs of some economic activity finally in parts of Europe, but that's combined with the huge brouhaha over surveillance and the fights that are incumbent upon the United States and our intelligence services to respond to.

But you also have, if you look a little farther afield, some of the fastest growing economies in the world now. In sub-Saharan Africa, an area that I still think has more promise and potential

than is realized by many American businesses and entrepreneurs. You've got the continuing problems in Afghanistan and Pakistan, South Asia. In broad terms, particularly Pakistan remains a very difficult, complex challenge for the United States. And with the withdrawal from Afghanistan, it's going to continue to be so. The situation in East Asia, it was an unfortunate consequence of the government shutdown that the President had to cancel his trip to two major events in Asia, the Asia Pacific Economic Community that the United States actually started and has served as a very good convening forum around economic issues, and the East Asia Summit, which we joined two years ago. And the fact that the President of the United States couldn't be there because literally the people who manage government travel for the President had been furloughed was not exactly a smart message to send to those who are looking to see how reliable the United States is, whether it's economic or strategic or any other aspect. So it's a constantly challenging environment because things are changing so rapidly.

But the trend lines are both positive and troubling. There is a still continuing movement toward open markets, toward greater innovation, toward the development of a middle class that can buy the products. As Lloyd was talking in his intro about the work that you do creating products and then making sure there's markets by fostering the kind of inclusive prosperity that includes consumers is a positive trend in many parts of the world now. Democracy is holding its own, so people are still largely living under governments of their own choosing. The possibilities of technology increasing lifespan and access to education and so many other benefits that will redound to not only the advantage of the individual but larger society.

At the same time, you've got other trend lines. There is an increasing cooperation among terrorist groups. They're, unfortunately, not defeated because they were driven largely out of Afghanistan and have been decimated in Pakistan, and they've taken up residence in Somalia and North Africa. The Arab Spring, which held such great promise, has not yet been realized. And the situation in Syria posits a very difficult and dangerous Sunni-Shiite divide that would have broad repercussions across the region. You've got all kinds of threats from weapons of mass destruction. One of the positives of the last month is getting ahold of the Syria chemical weapons program, which in and of itself is a good, even though it doesn't stop the civil war and the increasing radicalization of a lot of the groups fighting Assad.

So we can go down the list, Lloyd, and you can see that, you know, it's like anybody's balance sheet. There are promising, positive developments, opportunities that you want to take advantage of and you want to push toward and expand. And then there are threats and negative developments that you want to try to contain insofar as possible, eliminate in the rare instance, and try to keep that balance more on the positive side of the ledger so that it does promote and protect the values that the people in this room represent, freedom and opportunity as well as other underlying aspirations, that so many people around the world still look to our country to try to help them realize.

MR. BLANKFEIN: Just on that, is another trend, perhaps the isolationist may be too strong, but let's say the isolationist tendency now. I think the President might well have lost his vote on Syria, got a little bit bailed out, may turn out to be for the best, may have been the best outcome, but it doesn't augur well. There may be a lot of factors.

It may be that because maybe the Syrian situation is so complicated that we just don't know what to do. So, therefore, doing nothing. But, you know, from the left side of the Democrat Party, the right side of the Republican Party, it seems like there's a kind of an antipathy now for intervention. What do you think the trend line is for the United States [unintelligible]?

SECRETARY CLINTON: Well, I'm an optimist, so I think the trend line continues to be positive, but I think you have highlighted one of the issues that, you know, concerns me on the -- you know, if you look at the -- the Syria vote is a bit of a challenging one to draw large conclusions from because it is a wicked problem. There are so many factors at play there. But the underlying rejection of a military strike to enforce the red line on chemical weapons spoke more about, you know, the country's preoccupation with our own domestic situation, the feeling that we need to get our own house in order, that we need to get that economy that everybody here is so deeply involved in producing more, getting back to growth, dealing with the unemployment figures that are still unacceptably high in too many places.

So it was both a rejection of any military action in the Middle East right now and a conclusion that, you know, people of considerable analytical understanding of the region could also reach that, you know, you -- we're in -- we're in a time in Syria where they're not finished killing each other, where it's very difficult for anybody to predict a good outcome and maybe you just have to wait and watch it. But on the other side of it, you can't squander your reputation and your leadership capital. You have to do what you say you're going to do. You have to be smart about executing on your

strategies. And you've got to be careful not to send the wrong message to others, such as Iran.

But I think in this particular instance, it was primarily the feelings that I see as I travel around the country speaking at college campuses, speaking at other business kinds of events, different audiences, people are nervous about what we're doing here at home. The gridlock, the government shutdown, flirting with defaulting on our debt. You know, just really focused people's attention on our own shortcomings. And I think that had as much to do with it as anything.

MR. BLANKFEIN: Do you think when -- again, another trend, which is a surprising, shocking trend, but nevertheless a trend, the energy sufficiency of the United States. What does that mean for, you know, I guess the geopolitical politics, implications that will play out over decades. But how much are we going to invest in defending the ceilings between Iran and China when we're not tied to the oil from the Middle East. China is now importing more oil from the Middle East than we are.

SECRETARY CLINTON: Right.

MR. BLANKFEIN? So what does that augur for our own commitment?

SECRETARY CLINTON: Well, look, I think it's mostly, again, on the balance sheet metaphor of where we are in the world today. I think it's mostly a positive that we are more energy sufficient. Obviously it's imperative that we exploit the oil and gas in the most environmentally careful way because we don't want to -- we don't want to cause problems that we also will have to deal with taking advantage of what is a quite good windfall for us in many other respects.

We were never dependent upon Iranian oil, but the fact that we are now moving toward and

not only energy independence but potentially using that energy to bring more manufacturing back to the United States as well as possibly creating an export market from the United States, it just changes the whole equation. It puts a lot of pressure on China, in particular, to continue to exploit as many energy sources. And I would argue that even though we are not worried about getting as much energy from the Middle East as perhaps we were in the past that the United States still has to keep those ceilings open.

48 percent of the world's trade, obviously that includes energy but includes everything else, goes through the South China Sea. Some of you may have seen the long article in the New York Times Magazine on the South China Sea this past weekend, an issue that I worked on for the entire time was in the State Department because China basically wants to control it. You can't hold that against them. They have the right to assert themselves. But if nobody's there to push back to create a balance, then they're going to have a chokehold on the sea lanes and also on the countries that border the South China Sea.

MR. BLANKFEIN: It's an unfortunate name.

SECRETARY CLINTON: What, the South China Sea?

MR. BLANKFEIN: Yeah.

SECRETARY CLINTON: Yeah, well, it's an unfortunate position they've taken.

MR. BLANKFEIN: Yeah.

SECRETARY CLINTON: They have --

MR. BLANKFEIN: Ours is called the Caribbean. We don't call it the South United States Sea.

(Laughter.)

SECRETARY CLINTON: Well, you may be forgetting James Madison.



I think that -- you know, one of the greatest arguments that I had on a continuing basis was with my Chinese counterparts about their claim. And I made the point at one point in the argument that, you know, you can call it whatever you want to call it. You don't have a claim to all of it. I said, by that argument, you know, the United States should claim all of the Pacific. We liberated it, we defended it. We have as much claim to all of the Pacific. And we could call it the American Sea, and it could go from the West Coast of California all the way to the Philippines. And, you know, my counterpart sat up very straight and goes, well, you can't do that. And I said, well, we have as much right to claim that as you do. I mean, you claim it based on pottery shards from, you know, some fishing vessel that ran aground in an atoll somewhere. You know, we had conveys of military strength. We discovered Japan for Heaven sakes. I mean, we did all of these things.

MR. BLANKFEIN: These are more technical conversations than I thought they would be.

(Laughter.)

SECRETARY CLINTON: Yes, yes. And then he says to me, well, you know, we'll claim Hawaii. And I said, yeah, but we have proof we bought it. Do you have proof you brought any of these places you're claiming? So we got into the nitty-gritty of --

MR. BLANKFEIN: But they have to take New Jersey.

(Laughter.)

SECRETARY CLINTON: No, no, no. We're going to give them a red state.

(Laughter and applause.)

MR. BLANKFEIN: I'll discuss that after I leave here. Let me ask you another question because this is also a topical question.

Let's say, hypothetically, that one country was eavesdropping on another country.

(Laughter.)

MR. BLANKFEIN: And I didn't hear the crisp denials, but I didn't hear any confirmation of it. How would you -- would you be looking forward to giving that explanation? How do you go -- what do you do now?

SECRETARY CLINTON: So, all right. This is all off the record, right? You're not telling your spouses if they're not here.

MR. BLANKFEIN: Right.

SECRETARY CLINTON: Okay. I was Secretary of State when WikiLeaks happened. You remember that whole debacle. So out come hundreds of thousands of documents. And I have to go on an apology tour. And I had a jacket made like a rock star tour. The Clinton Apology Tour. I had to go and apologize to anybody who was in any way characterized in any of the cables in any way that might be considered less than flattering. And it was painful. Leaders who shall remain nameless, who were characterized as vain, egotistical, power hungry --

MR. BLANKFEIN: Proved it.

SECRETARY CLINTON: -- corrupt. And we knew they were. This was not fiction. And I had to go and say, you know, our ambassadors, they get carried away, they want to all be literary people. They go off on tangents. What can I say. I had grown men cry. I mean, literally. I am a friend of America, and you say these things about me.

MR. BLANKFEIN: That's an Italian accent.

SECRETARY CLINTON: Have a sense of humor.

MR. BLANKFEIN: And so you said, Silvio.  
(Laughter.)

SECRETARY CLINTON: So, fast forward. Here we are. You know, look, I have said, and I will continue to say, we do need to have a conversation with and take a hard look at the right balance that we could strike between, you know, privacy and security because there's no doubt, and I've seen this and understand it, there's no doubt that much of what we've done since 9/11 has kept us safer. That's just a fact. It's also kept our friends and our partners and our allies safer, as well. The sharing of intelligence requires the gathering of intelligence and the analysis of intelligence.

And so as we have alerted our friends and worked with them on plots and threats that we had information about, they've done the same for us. And, clearly, they have their own methods of collection. So it's not good enough to say, everybody does it, because we should hold ourselves to the highest standards, and we should have the right checks and balances in this whole system.

MR. BLANKFEIN: We should do better.

SECRETARY CLINTON: Well, we do better. I mean, that's the problem. We have a lot of information. And not the kind of information that most of our citizens are worried about because I really have no evidence and have no reason to believe that, you know, we've got people listening to American citizens' conversations. But the collection of the metadata is something that has proven to be very useful.

And anybody who has ever traveled in other countries, some of which shall remain nameless, except for Russia and China, you know that you can't bring your phones and your computers. And if you do, good luck. I mean, we would not only take the batteries out, we would leave the batteries and the devices on the plane in special boxes. Now, we didn't do that because we thought it would be fun to

tell somebody about. We did it because we knew that we were all targets and that we would be totally vulnerable.

So it's not only what others do to us and what we do to them and how many people are involved in it. It's what's the purpose of it, what is being collected, and how can it be used. And there are clearly people in this room who know a lot about this, and some of you could be very useful contributors to that conversation because you're sophisticated enough to know that it's not just, do it, don't do it. We have to have a way of doing it, and then we have to have a way of analyzing it, and then we have to have a way of sharing it.

And it's not only on the government side that we should be worried about. I mean, the cyber attacks on businesses, and I'm sure many in this room have experienced that, is aimed at commercial advantage. In some instances, when it's aimed at defense businesses, it's aimed at, you know, security and strategic advantage. But, you know, the State Department was attacked hundreds of times every day, some by state-sponsored groups, some by more independent operators. But it was the same effect. People were trying to steal information, use it for their own purposes.

So I think maybe we should be honest that, you know, maybe we've gone too far, but then let's have a conversation about what too far means and how we protect privacy to give our own citizens the reassurance that they are not being spied by their own government, give our friends and allies the reassurance that we're not going beyond what is the necessary collection and analysis that we share with them and try to have a mature conversation.

MR. BLANKFEIN: Maybe embedded you've already given part the answer, but how serious, how bad was it what Snowden and Assange did? What are

the -- I mean, Assange -- if this were a destroyer and innovator conference, we might have had Assange here.

SECRETARY CLINTON: I wouldn't be here.

MR. BLANKFEIN: But how much did that hurt us? Aside from the embarrassment, clearly some avenues now, some things we relied on that, have been closed off for us. I know it was very important to try to get some legislation that would have made it legal to get some more of this metadata that's been very helpful without having the carriers face liability. That's probably been put on the back burner. What are the consequences long term for this in terms of our own safety and the safety of the Republic.

SECRETARY CLINTON: Well, separate the two. The WikiLeaks problem put at risk certain individuals. We had to -- we had to form a kind of investigative team that looked at all the names and all the documents, which was quite a challenge, to make sure that identities that were either revealed or described in enough detail that they could be determined would not put people who were at risk. I mean, without going into detail, you know, maybe they're -- let's just hypothetically say there was somebody serving in a military in a certain country who was worried about some of the activities of the military that he served because he thought they were doing business with rogue states or terrorist networks, and so he would seek out an American diplomat to begin a conversation. And the American diplomat would report back about the concerns that were being expressed about what was happening in this country. And then it's -- you know, it's exposed to the world. So we had to identify, and we moved a number of people to safe -- to safety out of where they were in order for them to be not vulnerable.

So on the WikiLeaks, there was the embarrassment factor, there were the potential vulnerability factors that individuals faced. The WikiLeaks issue was, you know, unfortunate. Private Manning should have never had access to a lot of what he did have access to. So, in effect, it was a problem. But it didn't expose the guts of how we collect and analyze data.

A lot of -- without knowing exactly because I don't think we yet have an accurate picture of what Snowden put out. You saw where Clapper and Alexander and others were testifying that reporters didn't understand what they were looking at. That's totally possible. I don't discount that at all. A lot of the information that is conveyed is difficult to understand without some broader context. So Alexander and Clapper said, look, a lot of what Snowden had, which has been interpreted by the press, is not accurate. I can't speak one way or the other on that. But what I think is true, despite Snowden's denials, is that if he actually showed up in Hong Kong with computers and then showed up in Mexico with computers, why are those computers not exploited when my cellphone was going to be exploited.

So I do think that there has been a real loss of important information that shouldn't belong to or be made available to people who spend a lot of their time trying to penetrate our government, our businesses. And even worse, you know, some who are engaged in terrorist activities. I mean, the Iranians did a disruption of service attack on American banks a year ago. The Iranians are getting much more sophisticated. They run the largest terrorist networks in the world.

So, you know, if Snowden has given them a blueprint to how we operate, why is that in any way a positive. We should have the debate. We should have the conversation. We should make the changes

where they're necessary. But we shouldn't put our systems and our people at risk. So I think that WikiLeaks was a big bump in the road, but I think the Snowden material could be potentially much more threatening to us.

MR. BLANKFEIN: Let me just introduce one more topic with you, and I'll urge everybody to think of some questions if we have time for that.

But just a general question to start you off on the domestic situation. Is the American political system just hopeless? Should we just throw it away, start over? You know, go home. Get a parliamentary system. Is it -- because I will tell you -- I'm kidding. We -- talking here, and I didn't do this in a formal survey, but when we ask entrepreneurs, whether they were social entrepreneurs, the people who were talking represented the work they're doing in the cities and the businesses represented here, every conversation referred to either what the government was doing or what the government wasn't doing that it was obvious that they should be doing.

And then I guess a corollary question to my first approach, should we chuck it away, will the elections make a difference. Is the system so gummed up where a single senator can so gum up appointments and basically extort legislation or stop legislation, is the system so screwed up now that really that we just have to have some cataclysm that just gets everybody so frustrated that we de facto start over, you know, or practically start over.

SECRETARY CLINTON: Well, look, I -- I think that everyone agrees that we're in a bad patch in our political system and in Washington. It's -- you know, there's a lot of good things happening elsewhere in the country. There are a lot of mayors, you had Mitch Landrieu here, I was with Rahm Emanuel yesterday. There's a lot of innovative, interesting,

new ideas being put into practice by mayors, by some governors. So I think when we talk about our political system, we're really focusing more on what's happening in Washington. And it is dysfunctional right now. And it is for a variety of reasons, some of them systemic, as you suggested.

You know, I really have come to believe that we need to change the rules in the Senate, having served there for eight years. It's only gotten more difficult to do anything. And I think nominees deserve a vote up or down. Policies deserve a vote up or down. And I don't think that a small handful of senators should stand in the way of that, because, you know, a lot of those senators are really obstructionist. They should get out. They should make their case. They should go ahead and debate. But they shouldn't be able to stop the action of the United States Senate. So I think there does have to be some reworking of the rules, particularly in the Senate.

I think that, as has been discussed many times, the partisan drawing of lines in Congressional districts gives people -- gives incumbents certainly a lot more protection than an election should offer. And then they're only concerned about getting a challenge from the left of the Democratic Party or a challenge from the right in the Republican Party. And they're not representing really the full interests of the people in the area that they're supposed to be.

California moved toward this non-partisan board, and I think there should be more efforts in states to do that and get out of the ridiculous gerrymandering that has given us so many members who don't really care what is happening in the country, don't really care what the facts are. They just care whether they get a primary opponent.



And then it comes down to who we vote for and what kind of expectations we set and who we give money to. Those who help to fund elections, I think it's important that business leaders make it clear, why would you give money to somebody who was willing to wreck the full faith and credit of the United States. I mean, that just makes no sense at all because the economic repercussions would have been very bad, and the long-term consequences with, you know, the Chinese saying, let's de-Americanize the world and eventually move to a different reserve currency wouldn't be, you know, beneficial, either.

So I think there are steps that citizens have to take. It's not just about how we rearrange the levers of power and the institutions in Washington.

But there has to be a new ethos. I mean, we can't let people, as you say, be extortionists. And the President was absolutely right not to negotiate with people who were acting the way that the minority of the minority was acting on the shutdown and the debt limit issue.

But it's going to take a concerted effort --

MR. BLANKFEIN: Does it have to get worse first in order for the -- because, obviously, in America, we've gone through cycles. Somebody said, boy, politics have never been this bad. It's so poison. And I said, well, we did have the Civil War, and we got through that. And we had the McCarthy era. And so we've gotten into and out of these cycles before. But do you need to bounce off some bottom? In other words, does it have to get so bad that the electorate rallies to want the spirit of compromise instead of sending -- because ultimately, it's really the vote -- you know, we blame the legislators, but it's the voters. The voters have to realize that the only stable, sustainable government

is one in which the moderates compromise and the fringes get rejected, not the other way around.

SECRETARY CLINTON: That is exactly. And, you know, post the shutdown/debt limit debacle, you know, the Republican Party's ratings dropped dramatically. You can see it in Virginia where the Democratic candidate has opened a big lead and in part because the Republican candidate for governor looks as though he's of the extremists. He's of the Tea Party-like Republicans, and he's being punished for it.

MR. BLANKFEIN: Utah, also.

SECRETARY CLINTON: Yeah. So you're seeing people say, wait a minute. Enough. You know. I may be conservative, but I'm not crazy. And I don't want to be represented by people who are crazy and who are threatening, you know, the entire structure --

MR. BLANKFEIN: "I'm not crazy." That's going to be the new rallying cry.

SECRETARY CLINTON: I think it would be. I like when people say, you know, I may be conservative, but I'm not crazy. I'm very reassured.

MR. BLANKFEIN: Prove it.

SECRETARY CLINTON: Yeah. You want them to prove it by saying, you know, we're going to act differently in our voting and our giving. And it could make a very big difference.

Now, some of the Republicans are also fighting back. I mean, somebody like Lamar Alexander, who's been a governor and a senator of Tennessee, and they're mounting a Tea Party challenge against him. He's going right at it. He is not afraid to take them on. And more moderate Republicans have to do that as well. Take back their party from the extremists and the obstructionists.

And you're right, we've gone through these periods before. We have always had this kind

of streak of whether it's know-nothingism or isolationism or, you know, anti-Communism, extremism. Whatever. We've had it forever from the beginning. So it's important that people speak out and stand up against it, and especially people who are Republicans, who say, look, that's not the party that I'm part of. I want to get back to having a two-party system that can have an adult conversation and a real debate about the future.

MR. BLANKFEIN: Yeah, and one thing, I'm glad -- I'm proud that the financial services industry has been the one unifying theme that binds everybody together in common.

(Laughter.)

MR. BLANKFEIN: So with that, let me -- you notice how I don't make that a question.

Questions from the audience? I think we have microphones coming your way.

MALE ATTENDEE: Madam President --

(Laughter and applause.)

MALE ATTENDEE: My question is, as entrepreneurs, we risk a lot. And Mike Bloomberg had 30 billion other reasons than to take office. Do we need a wholesale change in Washington that has more to do with people that don't need the job than have the job?

SECRETARY CLINTON: That's a really interesting question. You know, I would like to see more successful business people run for office. I really would like to see that because I do think, you know, you don't have to have 30 billion, but you have a certain level of freedom. And there's that memorable phrase from a former member of the Senate: You can be maybe rented but never bought. And I think it's important to have people with those experiences.

And especially now, because many of you in this room are on the cutting edge of technology or

health care or some other segment of the economy, so you are people who look over the horizon. And coming into public life and bringing that perspective as well as the success and the insulation that success gives you could really help in a lot of our political situations right now.

MALE ATTENDEE: How about in the Cabinet?

SECRETARY CLINTON: Yeah. Well, you know what Bob Rubin said about that. He said, you know, when he came to Washington, he had a fortune. And when he left Washington, he had a small --

MR. BLANKFEIN: That's how you have a small fortune, is you go to Washington.

SECRETARY CLINTON: You go to Washington. Right.

But, you know, part of the problem with the political situation, too, is that there is such a bias against people who have led successful and/or complicated lives. You know, the divestment of assets, the stripping of all kinds of positions, the sale of stocks. It just becomes very onerous and unnecessary.

MR. BLANKFEIN: Confirmation.

SECRETARY CLINTON: The confirmation process is absurd. And it drives out a lot of people. So, yes, we would like to see people, but it's a heavy price for many to pay and maybe not one that they're ready to pay.

MR. BLANKFEIN: Garrett.

MALE ATTENDEE: Madam Secretary, thank you for everything you've done for the country. I think I speak on behalf of most of the entrepreneurs here, we're optimists. Understandably, post 9/11, most of our framing of United States with respect to the rest of the world has been about fear and threat. I can speak for myself and a lot of people in this

room. For us from outside of the country before we immigrated here, America was a symbol of hope.

How do we reframe what we talk about in terms of the good that America does in the world and bringing about the message of hope. Even in this discussion what we talked about, we talk mostly about fear and threat. Can you speak to us about the hope and the good that we bring to the world.

SECRETARY CLINTON: Well, yes. I mean, you have to blame Lloyd for the questions.

(Laughter.)

MR. BLANKFEIN: I'm more associated with fear than hope.

SECRETARY CLINTON: Well, you're absolutely right. And that still is the American character. It's in our DNA. We are a generous, hopeful, optimistic, confident people. As you know, I was a senator from New York on 9/11. And, you know, the comeback of New York City, its resilience, its confidence in the face of a devastating attack was one of the most inspiring chapters of American history.

So there's no doubt that we have a great story to tell. I think, understandably, there was a lot of overreaction as well as appropriate reaction following 9/11, which is why now, you know, 12 years on, we're talking about having a conversation about getting into the right balance on privacy and security, but it would also be fair to say, you know, on optimism and skepticism. We've got to get back on the optimist scale.

And, you know, I see it everywhere I go. I mean, a lot of the people I meet with and talk to are excited about the future. They want to make a contribution, whether it's, you know, in business or in some kind of non-profit. There's an enormous amount of pent-up excitement and anticipation.

But a lot of people are worried that there's another shoe that's going to drop. That somehow our government, our culture is going to not reflect that sense of forward movement. So yes, we do have to get back to telling the American Story and telling it to ourselves first and foremost. That's why immigration reform is so important. I mean, get immigration reform done you. It sends exactly the signal you're talking about.

(Applause.)

SECRETARY CLINTON: Get it fixed so that the people who have been here working hard, building futures, are given the chance to become American citizens. There's no requirement that they do, but they would be given that path to citizenship.

So it still is the case that more people want to come here than anywhere else in the world. People still, despite all of the problems of the last decade, see through it and see the underlying reality of what a life in America can offer them and their children.

But we need to get back to believing our own story. We need to jettison a lot of the skepticism. I mean, there's not a skeptic among you when it comes to being an entrepreneur. You couldn't get up in the morning. You couldn't face how hard it was. You couldn't do the work that's required. You have to believe you're going to make it, you're going to get that breakthrough, you're going to be successful, you're going to get those investors. I mean, that is a representation of what America has stood for, and we have to champion that.

And I tell you, I see any society like a three-legged stool. You have to have an active free market that gives people the chance to live out their dreams by their own hard work and skills. You have to have a functioning, effective government that provides the right balance of oversight and

protection of freedom and privacy and liberty and all the rest of it that goes with it. And you have to have an active civil society. Because there's so much about America that is volunteerism and religious faith and family and community activities. So you take one of those legs away, it's pretty hard to balance it. So you've got to get back to getting the right balance.

And what I really resent most about the obstructionists is they have such a narrow view of America. They see America in a way that is no longer reflective of the reality of who we are. They're against immigration for reasons that have to do with the past, not the future. They can't figure out how to invest in the future, so they cut everything. You know, laying off, you know, young researchers, closing labs instead of saying, we're better at this than anybody in the world, that's where our money should go. They just have a backward-looking view of America. And they play on people's fears, not on people's hopes, and they have to be rejected. I don't care what they call themselves. I don't care where they're from. They have to be rejected because they are fundamentally unAmerican. And every effort they make to undermine and obstruct the functioning of the government is meant to send a signal that we can't do anything collectively. You know, that we aren't a community, a nation that shares values.

I mean, American was an invention. It was an intellectual invention, and we have done pretty well for all these years. And these people want to just undermine that very profound sense of who we are. And we can't let them do that.

So it's not just about politics or partisanship. It really goes to the heart of what it means to be American. And I'll just say that I've been reading a lot of de Tocqueville lately because he was a pretty smart guy, and he traveled around and

looked at this country and came up with some profound observations about us. But he talked about how unique early Americans were because they mixed a rugged individualism with a sense of, you know, community well being. So the individual farmer would quit farming for a day to go somewhere to help raise a barn, for example. People understood that the individual had to be embedded in a community in order to maximize -- if you were a merchant, you needed people to sell to. If you were a farmer, you needed people to buy your products. And he talked about the habits of the heart. And he said, that's what set us apart from anybody else. And, you know, I think there's a lot of truth to that. We are a unique breed, and people come here from all over and kind of sign on to the social compact of what it means to be an American.

And we can't afford to let people, for their own personal reasons, whether they be political, commercial, or whatever, undermine that. So, yeah, there's a lot of to be said. And we need to say it more, and it doesn't just need to come from, you know, people on platforms. It needs to come from everybody.

(Applause.)

MALE ATTENDEE: Madam Secretary, what is the most important competitive advantage that you think the U.S. will keep as compared to a country like China?

SECRETARY CLINTON: Freedom. I think freedom. Freedom of the mind, freedom of movement, freedom of debate, freedom of innovation. You know, I just -- I don't think we fully value -- we sometimes take it for granted, and we sometimes even dismiss it, how much stronger we are. Because in addition to that individual freedom that we have in great abundance compared to China, for example, we do have checks and balances. We have constitutional



order. We have protection of intellectual property, we have a court system that we use for that purpose. We have a lot of assets that support the free thinking and free acting of individuals. And in the long run, that's what I would place my bet on. I think that is what gives us such a competitive advantage.

Now, in the short run, we have to protect ourselves, not in protectionism, but in, you know, protecting intellectual property, for example, from every effort to undermine what you all do every single day, and we have to be smart about it. We have to invest better in education, starting at zero, not starting in even kindergarten, because we have to better prepare kids to be competitive in a global economy. There's a lot of problems that we have to solve that are community, national problems.

But fundamentally, you know, it's that feeling that, you know what, if you really work hard and you have a good idea, you can make something of yourself, you can produce something. You know, we have traditionally been a country that invented things and made them. Now, we don't do that as much, but I think there's a little bit of an understanding we've got to get back to doing more of that because that ultimately will give us more jobs, give you more opportunities for producing things without fear of being taken advantage of in other markets. So I just think the freedom is just absolutely priceless.

MR. BLANKFEIN: The best people in the world still want to come here.

SECRETARY CLINTON: Well, and we need to let them. That's the other part of the immigration piece. You know, we shut down our borders, we build fences. We were talking at the table, you know, we ask people and entice them to come here and do their undergraduate and graduate work. And then as soon as they get their degree, we tell them we don't want

them anymore because our system is so messed up that we can't even keep the people we helped educate and want to stay here.

So we have a lot of work to do to fix the systemic bumps in the road that we're dealing with, but our underlying strengths are so much greater than anybody else. And we need to start celebrating those. Not in some kind of empty rhetoric, arm-waving, carrying on which is not rooted in any tough decisions, but in a really, you know, positive assessment about what we do well and what we can do better and what we need to fix and how we go about fixing it, whether it's immigration or education or anything else.

MR. BLANKFEIN: I don't know what the statistic is this year because I just don't know it, but I bet it's the same as last year. I know last year, for the entrepreneurs that we had, more than a quarter were born outside the United States. And we didn't recruit them for being outside the United States. They were going to build their companies in the United States. But over a quarter were born outside the United States.

SECRETARY CLINTON: Well, I think there's even a higher percentage of that on the -- what was it, the Fortune list or the Forbes list.

FEMALE ATTENDEE: Secretary Clinton, I'm Patty Greene from Boston College's Goldman Sachs 10,000 Small Businesses. And first off, thank you for all the work you've done with women entrepreneurs both domestically and globally over your career. That's really meant a lot.

My question is more domestic based. We have the rather unusually organized Small Business Administration, we have the Department of Commerce, and we have programs for entrepreneurs with small business pretty much scattered across every single other agency. How do you see this coming together to

really have more of a federal policy or approach to entrepreneurship and small businesses?

SECRETARY CLINTON: I would welcome your suggestions about that because I think the 10,000 Small Business Program should give you an opportunity to gather a lot of data about what works and what doesn't work. Look, neither our Congress nor our executive branch are organized for the 21st Century. We are organized to be lean and fast and productive. And I'm not -- I'm not naive about this. It's hard to change institutions no matter who they are. Even big businesses in our country are facing competition, and they're not being as flexible and quick to respond as they need to be.

So I know it wouldn't be an easy task, but I think we should take a look at how we could, you know, better streamline the sources of support for small businesses because it still remains essential. You know, one of the things that I would love to get some advice coming out of the 10,000 Small Businesses about is how do we get more access to credit in today's current system for small businesses, growing businesses, because that's one of the biggest complaint I hear everywhere as I travel around the country. People who just feel that they've got nowhere to go, and they don't know how to work the federal system. Even if they do, they don't feel like they've got a lot of opportunities there. So we do -- this is something we need to look at.

You know, I don't think -- I don't think our credit access system is up to the task right now that is needed. I mean, there are a lot of people who would start or grow businesses even in this economic climate who feel either shut out or limited in what they're able to do. So we need to be smarter about both private and public financing for small businesses.

MR. BLANKFEIN: I think this may well be our last question, so No. 1. That must be the best.

FEMALE ATTENDEE: Great. Lots of pressure. Thank you so much.

My question is, you know, we've talked a lot over the last couple of days about how more and more young people are looking to start their own businesses and moving to entrepreneurship as a career. And I run a company that connects a lot of millennials to meaningful work, and I see this interest in technology careers, finance careers, non-profit careers, but we don't see as much in government careers. And I guess my question is, do you think government is a great place for young people to begin their career? And if so, how do we make sure that more of our so-called best and brightest consider that as a path?

SECRETARY CLINTON: Well, I do think it is, but I can understand why people would be turning away. I mean, it's not a pretty site what's going on when people get furloughed and governments shut down and, you know, the jobs are not as rewarding because of all kinds of restrictions. I mean, it's a tough environment right now.

Personally, having, you know, lived and worked in the White House, having been a senator, having been Secretary of State, there has traditionally been a great pool of very talented, hard-working people. And just as I was saying about the credit market, our personnel policies haven't kept up with the changes necessary in government. We have a lot of difficulties in getting -- when I got to the State Department, we were so far behind in technology, it was embarrassing. And, you know, people were not even allowed to use mobile devices because of security issues and cost issues, and we really had to try to push into the last part of the

20th Century in order to get people functioning in 2009 and '10.

And I think we need to make it clear that if we're going to have young people of talent who have different choices going into government service where they can learn a lot, where they can get a lot of responsibility, there has to be a more welcoming environment, there has to be support for young people to feel like they're making a meaningful contribution, and that requires, you know, changes in some of those same systems that currently don't offer that.

But, yeah, I do think there are great places in the federal government to learn a lot of about substantive issues, about maneuvering through difficult systems, about political trade-offs, and I would encourage people to look at that.

MR. BLANKFEIN: Madam Secretary, thank you very much for coming here this evening. And I just want to echo the comments that a couple of people have made. Just thank you so much for your service. America is so lucky to have had you, to have you, and to continue to have you as a servant for us. Thank you very much.

SECRETARY CLINTON: Thank you, sir.

(Applause.)

(Concluded at 9:36 p.m.)